

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name	County
Fiscal Year End	Opinion Date	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature 	Printed Name		License Number	

Saline Area Fire Department

**Financial Report
with Supplemental Information
June 30, 2006**

Saline Area Fire Department

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Plante & Moran, PLLC
Suite 400
1000 Oakbrook Drive
Ann Arbor, MI 48104
Tel: 734.665.9494
Fax: 734.665.0664
plantemoran.com

Independent Auditor's Report

To the Executive Board
Saline Area Fire Department

We have audited the accompanying financial statements of the governmental activities and each major fund of the Saline Area Fire Department as of and for the year ended June 30, 2006, which collectively comprise the Saline Area Fire Department's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Saline Area Fire Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Saline Area Fire Department as of June 30, 2006 and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, identified in the table of contents, and the budgetary comparison schedule - General Fund are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Saline Area Fire Department's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. We did not audit the information and express no opinion on it.

Plante & Moran, PLLC

August 23, 2006



A worldwide association of independent accounting firms

Saline Area Fire Department

Management's Discussion and Analysis

Our discussion and analysis of the Saline Area Fire Department's (the "Fire Department") financial performance provides an overview of the Fire Department's financial activities for the fiscal year ended June 30, 2006. Please read it in conjunction with the Fire Department's financial statements.

The Fire Department as a Whole

The following table shows, in condensed format, the net assets of the Fire Department (in thousands of dollars):

TABLE I

	Governmental Activities	
	2006	2005
Assets		
Current assets	\$ 530	\$ 365
Noncurrent assets	<u>1,308</u>	<u>1,393</u>
Total assets	1,838	1,758
Liabilities		
Current liabilities	341	235
Long-term liabilities	<u>82</u>	<u>131</u>
Total liabilities	<u>423</u>	<u>366</u>
Net Assets		
Invested in capital assets - Net of related debt	1,228	1,273
Restricted	80	120
Unrestricted	<u>107</u>	<u>(1)</u>
Total net assets	<u><u>\$ 1,415</u></u>	<u><u>\$ 1,392</u></u>

Saline Area Fire Department

Management's Discussion and Analysis (Continued)

The following table shows the Fire Department's changes in net assets (in thousands of dollars):

	Governmental Activities	
	2006	2005
Revenue		
Operations	\$ 715	\$ 688
Fire runs	27	33
Capital improvements	75	-
Federal sources	-	97
Interest income and other	9	2
Total revenue	826	820
Expenditures		
Salaries, wages, and fringe benefits	477	486
Repairs, maintenance, and improvements	28	17
Depreciation	85	71
Other program expenses	213	211
Total expenditures	803	785
Change in Net Assets	\$ 23	\$ 35

The Fire Department's combined net assets increased from last year due to additional contributions received in the current year from the participating communities for future capital acquisitions along with monitoring and controlling expenditures from the prior year.

Governmental Activities

The Fire Department's total governmental revenues remained approximately the same as last year due largely to the contributions received from the participating communities for future capital acquisitions (prior year capital improvement revenues were not required, largely in part to the acquisition of two FEMA grants that enabled the fire department to make capital purchases).

Even though various operating expenses, including utility and fuel costs, increased throughout the year, the Fire Department was able to stay within its budgetary constraints. As in the past, the Fire Department will continue to closely monitor its manpower and operating costs and always look for avenues to effectively stay within its budget limitations.

Saline Area Fire Department

Management's Discussion and Analysis (Continued)

General Fund Budgetary Highlights

Over the course of the year, the Fire Department stayed below budget due to continued monitoring of its manpower and operating costs, making sure to stay within its budget limitations.

Capital Asset and Debt Administration

During the year, funds were received from the participating communities for capital purchases totaling approximately \$46,000. At the end of the year, the Fire Department had approximately \$518,000 in cash with a principal balance of \$80,000 remaining on the loan obtained in fiscal year 2002/2003 for the construction of a new fire engine.

Economic Factors and Next Year's Budgets and Rates

The Fire Department's budget for next year calls for only minor changes. As always, the Fire Department will work hard to maintain a budget that is fair for all participating entities.

Contacting the Fire Department's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Fire Department's finances and to show the Fire Department's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Fire Department's office.

Saline Area Fire Department

Statement of Net Assets/Balance Sheet June 30, 2006

	Modified Accrual Basis			Adjustments (Note 7)	Statement of Net Assets
	General	Capital Projects	Total		
Assets					
Cash and cash equivalents (Note 3)	\$ 365,338	\$ 73,016	\$ 438,354	\$ -	\$ 438,354
Other assets	11,570	-	11,570	-	11,570
Restricted assets for loan repayment (Note 3)	-	80,000	80,000	-	80,000
Capital assets - Net (Note 4)	-	-	-	1,308,246	1,308,246
Total assets	\$ 376,908	\$ 153,016	\$ 529,924	1,308,246	1,838,170
Liabilities					
Accounts payable	\$ 83,395	\$ -	\$ 83,395	-	83,395
Due to other governmental units	33,439	-	33,439	-	33,439
Deferred revenue - 2006-2007 contributions	113,707	45,953	159,660	-	159,660
Noncurrent liabilities:					
Due within one year (Note 5)	-	-	-	64,000	64,000
Due in more than one year (Note 5)	-	-	-	82,242	82,242
Total liabilities	230,541	45,953	276,494	146,242	422,736
Fund Equity - Fund balance					
Reserved for loan repayment	-	80,000	80,000	(80,000)	-
Unreserved and undesignated	146,367	27,063	173,430	(173,430)	-
Total fund equity	146,367	107,063	253,430		
Total liabilities and fund equity	\$ 376,908	\$ 153,016	\$ 529,924		
Net Assets					
Invested in capital assets - Net of related debt				1,228,246	1,228,246
Restricted for loan repayment				80,000	80,000
Unrestricted				107,188	107,188
Total net assets				\$ -	\$ 1,415,434

Saline Area Fire Department

Statement of Activities/Statement of Revenue, Expenditures, and Changes in Fund Balance Year Ended June 30, 2006

	Modified Accrual			Adjustments	Statement of
	General	Capital Projects	Total	(Note 7)	Activities
Revenue					
City of Saline:					
Operations	\$ 279,699	\$ -	\$ 279,699	\$ -	\$ 279,699
Fire runs	10,576	-	10,576	-	10,576
Capital improvements	-	29,348	29,348	-	29,348
Township:					
Operations:					
Lodi Township	229,378	-	229,378	-	229,378
Saline Township	75,768	-	75,768	-	75,768
York Township	129,950	-	129,950	-	129,950
Fire runs:					
Lodi Township	6,416	-	6,416	-	6,416
Saline Township	6,320	-	6,320	-	6,320
York Township	3,776	-	3,776	-	3,776
Capital improvements:					
Lodi Township	-	24,068	24,068	-	24,068
Saline Township	-	7,950	7,950	-	7,950
York Township	-	13,635	13,635	-	13,635
Interest income and other	6,212	2,872	9,084	-	9,084
Total revenue	748,095	77,873	825,968	-	825,968
Expenditures					
Salaries and wages	360,381	-	360,381	2,197	362,578
Fringe benefits	114,244	-	114,244	-	114,244
Supplies and other	34,556	-	34,556	-	34,556
Professional services	11,116	-	11,116	-	11,116
Communications	4,545	-	4,545	-	4,545
Transportation	6,000	-	6,000	-	6,000
Insurance and bonds	44,973	-	44,973	-	44,973
Utilities	12,773	-	12,773	-	12,773
Repairs, maintenance, and improvements:					
Fire hall	4,330	-	4,330	-	4,330
Equipment	19,443	-	19,443	-	19,443
Computer software maintenance	933	-	933	-	933
Schooling	5,895	-	5,895	-	5,895
Administration	75,483	-	75,483	-	75,483
Equipment purchases	-	2,980	2,980	-	2,980
Printing and publishing	1,397	-	1,397	-	1,397
Community promotion	2,242	-	2,242	-	2,242
Fuel	8,225	-	8,225	-	8,225
Dues plus subscriptions	2,349	-	2,349	-	2,349
Debt service	-	43,790	43,790	(40,000)	3,790
Depreciation	-	-	-	85,163	85,163
Total expenditures	708,885	46,770	755,655	47,360	803,015
Net Change in Fund Balances/Net Assets	39,210	31,103	70,313	(47,360)	22,953
Fund Balances/Net Assets - Beginning of year	107,157	75,960	183,117	1,209,364	1,392,481
Fund Balances/Net Assets - End of year	<u>\$ 146,367</u>	<u>\$ 107,063</u>	<u>\$ 253,430</u>	<u>\$ 1,162,004</u>	<u>\$ 1,415,434</u>

The Notes to Financial Statements are an
Integral Part of This Statement.

Saline Area Fire Department

Notes to Financial Statements June 30, 2006

Note I - Summary of Significant Accounting Policies

The accounting policies of the Saline Area Fire Department (the "Fire Department") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies:

Reporting Entity

The Saline Area Fire Department is a governmental joint venture created by a contractual agreement between the City of Saline, Lodi Township, Saline Township, and York Township. The Saline Area Fire Department is governed by an eight-member board whose directors are selected and approved by the respective city and township boards. In accordance with accounting principles generally accepted in the United States of America, there are no component units to be included in these financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets/balance sheet and the statement of activities/statement of revenue, expenditures, and changes in fund balance) report information on all of the activities of the Saline Area Fire Department. The effects of interfund activity have been removed from these statements.

The statement of activities/statement of revenue, expenditures, and change in fund balance demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Saline Area Fire Department

Notes to Financial Statements June 30, 2006

Note I - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available to finance expenditures of the fiscal period. Therefore, interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

The Saline Area Fire Department reports its General Fund as its major governmental fund. The General Fund is the Fire Department's primary operating fund. It accounts for all financial resources of the government, except those required to be accounted for in the Capital Projects Fund.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Fire Department has elected not to follow private sector standards issued after November 30, 1989.

Saline Area Fire Department

Notes to Financial Statements June 30, 2006

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Assets or Equity

Cash and Cash Equivalents - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Capital Assets - Capital assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years, or as specified by management. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	50 years
Vehicles and equipment	5 to 20 years

Deferred Revenue - Deferred revenue represents fees received by the Fire Department for operations pertaining to the subsequent fiscal year. Revenue is recognized in the fiscal year it is earned.

Compensated Absences (Vacation and Sick Leave) - It is the Fire Department's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All sick and vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

Long-term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs are reported as debt service expenditures.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Saline Area Fire Department

Notes to Financial Statements June 30, 2006

Note 1 - Summary of Significant Accounting Policies (Continued)

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The annual budget is prepared and adopted by the Saline Area Fire Department executive board. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2006 has not been calculated. During the current year, the budget was amended in a legally permissible manner.

The budget has been adopted on the basis of total revenue and expenditures; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual operations to the budgets adopted by the board is included in the budget statement shown in required supplemental information. The additional line item detail provided is for management analysis only. This comparison includes no expenditure budget overruns.

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

Saline Area Fire Department

Notes to Financial Statements June 30, 2006

Note 3 - Deposits and Investments (Continued)

The Fire Department has designated one bank for the deposit of its funds. The investment policy adopted by the Fire Department in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above. The deposits and investment policies are in accordance with statutory authority.

The Fire Department had no investments during the year ended June 30, 2006.

The Fire Department's cash deposits are subject to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the Fire Department's deposits may not be returned to it. The Fire Department does not have a deposit policy for custodial credit risk. At year end, the Fire Department had approximately \$366,000 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. The Fire Department believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Fire Department evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

At year end, the deposits were reported in the basic financial statements in the following categories:

Cash and cash equivalents	\$ 438,354
Restricted assets	<u>80,000</u>
Total	<u>\$ 518,354</u>

The Saline Area Fire Department's cash and cash equivalents at June 30, 2006 are composed entirely of deposits with banking institutions.

Saline Area Fire Department

Notes to Financial Statements June 30, 2006

Note 4 - Capital Assets

Capital asset activity was as follows:

	Balance July 1, 2005	Additions	Balance June 30, 2006
Capital assets not being depreciated - Land	\$ 41,839	\$ -	\$ 41,839
Capital assets being depreciated:			
Buildings and improvements	399,741	-	399,741
Vehicles and equipment	<u>1,470,029</u>	<u>-</u>	<u>1,470,029</u>
Subtotal	1,869,770	-	1,869,770
Accumulated depreciation:			
Buildings and improvements	150,733	7,994	158,727
Vehicles and equipment	<u>367,467</u>	<u>77,169</u>	<u>444,636</u>
Subtotal	<u>518,200</u>	<u>85,163</u>	<u>603,363</u>
Net capital assets being depreciated	<u>1,351,570</u>	<u>(85,163)</u>	<u>1,266,407</u>
Net capital assets	<u>\$ 1,393,409</u>	<u>\$ (85,163)</u>	<u>\$ 1,308,246</u>

Note 5 - Long-term Debt

Long-term obligation activity can be summarized as follows:

	Annual Interest Rate	Annual Principal Maturity	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Installment purchase agreement	3.135%	\$ 40,000	\$ 120,000	\$ -	\$ 40,000	\$ 80,000	\$ 40,000
Compensated absences			<u>64,045</u>	<u>26,022</u>	<u>23,825</u>	<u>66,242</u>	<u>24,000</u>
Total obligations			<u>\$ 184,045</u>	<u>\$ 26,022</u>	<u>\$ 63,825</u>	<u>\$ 146,242</u>	<u>\$ 64,000</u>

Saline Area Fire Department

Notes to Financial Statements June 30, 2006

Note 5 - Long-term Debt (Continued)

Annual debt service requirements to maturity for the above installment purchase obligation are as follows:

	Principal	Interest	Total
2007	\$ 40,000	\$ 2,548	\$ 42,548
2008	<u>40,000</u>	<u>1,274</u>	<u>41,274</u>
Total	<u>\$ 80,000</u>	<u>\$ 3,822</u>	<u>\$ 83,822</u>

Note 6 - Risk Management

The Fire Department is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). Medical benefits are not provided to employees of the Fire Department. The Fire Department has purchased commercial insurance for employee accident and injury claims and participates in the Michigan Townships Participating Plan for claims related to property loss, torts, and errors and omissions. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Townships Participating Plan operates as an insurance purchasing pool for local units of government in Michigan. The plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

Saline Area Fire Department

Notes to Financial Statements June 30, 2006

Note 7 - Description of Adjustments from the Modified Accrual to the Full Accrual Basis

The reconciliation of the governmental funds balance sheet to the statement of net assets is as follows:

Fund Balances - Total Governmental Funds	\$ 253,430
Amounts reported under the full accrual method in the statement of net assets are different because:	
Capital assets are not financial resources and are not reported in the funds	1,308,246
Long-term liabilities are not due and payable in the current period and are not reported in the funds	<u>(146,242)</u>
Net Assets of Governmental Activities	<u>\$ 1,415,434</u>

The reconciliation of the statement of revenue, expenditures, and changes in fund balance to the statement of activities is as follows:

Net Change in Fund Balances - Total Governmental Funds	\$ 70,313
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation	(85,163)
Repayment of installment purchase agreement is an expenditure in the governmental funds, but not in the statement of activities (where it decreases long-term debt)	40,000
Increase in accumulated employee sick and vacation is recorded when earned in the statement of activities	<u>(2,197)</u>
Change in Net Assets of Governmental Activities	<u>\$ 22,953</u>

Saline Area Fire Department

Notes to Financial Statements June 30, 2006

Note 8 - Allocation of Net Assets between Member Communities

The allocation of the net assets as of June 30, 2006 is as follows:

City of Saline	\$ 553,859
Lodi Township	454,213
Saline Township	150,036
York Township	<u>257,326</u>
Total net assets	<u>\$ 1,415,434</u>

Required Supplemental Information

Saline Area Fire Department

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2006

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Revenue				
City of Saline:				
Operations	\$ 265,882	\$ 265,882	\$ 279,699	\$ 13,817
Fire runs	24,417	24,417	10,576	(13,841)
Townships:				
Operations:				
Lodi Township	218,046	218,046	229,378	11,332
Saline Township	72,025	72,025	75,768	3,743
York Township	123,530	123,530	129,950	6,420
Fire runs:				
Lodi Township	20,024	20,024	6,416	(13,608)
Saline Township	6,615	6,615	6,320	(295)
York Township	11,344	11,344	3,776	(7,568)
Interest income and other	-	-	6,212	6,212
Total revenue	741,883	741,883	748,095	6,212
Expenditures				
Salaries and wages	359,280	363,280	360,381	2,899
Fringe benefits	152,440	133,040	114,244	18,796
Supplies	33,950	32,950	34,556	(1,606)
Professional services	9,000	13,000	11,116	1,884
Communications	4,000	5,350	4,545	805
Transportation	6,200	6,000	6,000	-
Insurance and bonds	50,000	47,850	44,973	2,877
Utilities	9,500	13,900	12,773	1,127
Repairs, maintenance, and improvements:				
Fire hall	3,500	5,000	4,330	670
Equipment	18,000	20,650	19,443	1,207
Computer software maintenance	2,000	1,400	933	467
Schooling	8,000	7,600	5,895	1,705
Administration	75,613	75,613	75,483	130
Printing and publishing	1,000	1,850	1,397	453
Community promotion	3,000	3,000	2,242	758
Contingencies	89,898	107,157	-	107,157
Fuel	4,500	8,800	8,225	575
Dues plus subscriptions	1,900	2,600	2,349	251
Total expenditures	831,781	849,040	708,885	140,155
Net Change in Fund Balance/Net Assets	(89,898)	(107,157)	39,210	\$ 146,367
Fund Balance/Net Assets - Beginning of year	107,157	107,157	107,157	
Fund Balance/Net Assets - End of year	\$ 17,259	\$ -	\$ 146,367	

The Saline Area Fire Department board has adopted the budget on the basis of total revenue and expenditures. The budget shown above is in greater detail than adopted and is shown for management analysis only.

Other Supplemental Information

Saline Area Fire Department

Other Supplemental Information Budgetary Comparison Schedule - Capital Projects Fund Year Ended June 30, 2006

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Revenue				
City of Saline - Capital improvements	\$ 29,348	\$ 29,348	\$ 29,348	\$ -
Townships - Capital improvements:				
Lodi Township	24,068	24,068	24,068	-
Saline Township	7,950	7,950	7,950	-
York Township	13,635	13,635	13,635	-
Interest income and other	<u>1,200</u>	<u>2,500</u>	<u>2,872</u>	<u>372</u>
Total revenue	76,201	77,501	77,873	372
Expenditures				
Debt service	44,000	44,000	43,790	210
Equipment purchases	<u>20,000</u>	<u>2,980</u>	<u>2,980</u>	<u>-</u>
Total expenditures	<u>64,000</u>	<u>46,980</u>	<u>46,770</u>	<u>210</u>
Net Change in Fund Balance/Net Assets	12,201	30,521	31,103	<u>\$ 582</u>
Fund Balance/Net Assets - Beginning of year	<u>75,960</u>	<u>75,960</u>	<u>75,960</u>	
Fund Balance/Net Assets - End of year	<u>\$ 88,161</u>	<u>\$ 106,481</u>	<u>\$ 107,063</u>	

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